



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

July 18, 2016

## MEETING NOTICE

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation will be held on Tuesday, July 26, 2016. The meeting will be held in the Board Room of Washington Hospital, and will commence at 7:30 a.m.

In accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, portions of this meeting may be held in closed session.

This notice is posted pursuant to Section 54956 of the Government Code.

By direction of the President & Chief Executive Officer  
Washington Township Hospital Development Corporation

VANESSA TERRASAS  
Recording Secretary



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

## AGENDA

### BOARD OF DIRECTORS' MEETING WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION

**Tuesday, July 26, 2016 – 7:30 A.M.**  
**2000 Mowry Avenue, Fremont, CA 94538**  
**Board Room – First Floor**

**Assistance for the Disabled:** If you are disabled in any way and need accommodation to participate in the meeting, please call Vanessa Terrasas, Recording Secretary, at (510) 791-3438 for assistance so the necessary arrangements can be made.

- |             |   | <b>PRESENTED BY:</b>                                      |
|-------------|---|---|
| <b>I.</b>   | <b>CALL TO ORDER</b>                                    | Chair   |
| <b>II.</b>  | <b>ROLL CALL</b>  | Vanessa Terrasas,<br>Clerk                                |
| <b>III.</b> | <b>CONSIDERATION OF MINUTES OF<br/>June 13, 2016</b>    | <i>Motion Required</i>                                    |
| <b>IV.</b>  | <b>COMMUNICATIONS</b><br>A. Oral<br>B. Written          |   |
| <b>V.</b>   | <b>PRESIDENT AND CHIEF EXECUTIVE<br/>OFFICER REPORT</b> | Nancy Farber,<br>President and Chief Executive<br>Officer |

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**VI. CLOSED SESSION** Chair

1. Conference with Legal Counsel-Existing Litigation pursuant to Cal. Gov. Code Section 54956.9(d)(1)

*Washington Township Hospital Development Corporation v. Hillhouse Construction*

**VII. ADJOURN TO OPEN SESSION & REPORT ON CLOSED SESSION** Chair

**VIII. OPEN SESSION** Chair

A. Report to Open Session

B. Action Item

1. Acceptance of the Washington Township Medical Foundation Budget Estimate for Fiscal Year 2016/17.
2. Acceptance of the Washington Township Hospital Development Corporation Budget Estimate for Fiscal Year 2016/17.

**IX. ADJOURNMENT** Chair

**NEXT MEETING: August 29, 2016**

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on June 13, 2016 in the Board Room of Washington Hospital, 2000 Mowry Avenue, Fremont, California. Chairman Sah called the meeting to order at 7:36 am.

*CALL TO ORDER*

Present: Russ Blowers, Shirley Buschke, Miro Garcia, Ben Sah, M.D., Nancy Farber, Chief Executive Officer

*ROLL CALL*

Absent: Gloria Villasana Fuerniss

Also present: Kimberly Hartz, Sr. Associate Administrator, Ambulatory Care Services; Tina Nunez, Associate Administrator, Ambulatory Care Services; Chris Henry, Associate Administrator/CFO; Michael Engle, Sr. Director Ambulatory Care Services; Vanessa Terrasas, Recording Secretary, Donald Pipkin, Chief, Strategic Management

A motion was made by Director Blowers, seconded by Director Garcia to approve the minutes of the meeting of February 29, 2016. The motion was carried by the following vote:

*APPROVAL OF  
MINUTES OF  
February 29, 2016*

Ayes: Directors Blowers, Buschke, Garcia and Sah

Noes: None

Abstain: None

Absent: Director Fuerniss

Donald Pipkin, Chief of Strategic Management at Washington Hospital, gave an updated presentation on Lean to the Board. The Lean process focuses on eliminating waste and inefficient practices in order to continue to excel in providing high quality health care.

*EDUCATION SESSION  
Lean Presentation*

Mr. Pipkin provided an overview of Lean tools which include Value Stream Mapping and Kaizen Workshops. He listed the areas that have gone through this process. These areas include Inpatient 4 West, Emergency Department, Women's Center, Supply Chain, Revenue Cycle and currently in process, Patient Safety.

Value Stream Mapping is an approach to visualizing health care processes that entails analyzing, observing and measuring processes in order to ultimately identify non-value added activities for the patient, staff and physicians and to make operations more efficient through standardization. Kaizen workshops are week-long workshops conducted by similar multidisciplinary teams aimed at eliminating non-value added activities through standardization in order to improve our processes. At the end of every workshop, the teams provide a brief report to discuss their activities during the week.

Mr. Pipkin explained that Lean is an ongoing process in which staff will adopt as everyday practice.

Ms. Farber noted the Lean Promotion Office will be relocated to the first floor of the Hospital in the Executive Services suite.

Ms. Farber gave an update on the Magnet Status redesignation process. The hospital successfully completed a Magnet mock survey in May. The mock survey went well and provided an invaluable experience for all to prepare for the actual survey. In June, surveyors from the American Nursing Credentialing Center (ANCC) will be onsite to verify that Magnet is being practiced. The Magnet documentation has been submitted and accepted.

*PRESIDENT & CHIEF  
EXECUTIVE OFFICER  
REPORT*

Ms. Farber announced that the Joint Commission mock survey is scheduled for August 16<sup>th</sup> through 18<sup>th</sup>. An unannounced survey will take place in 2017.

Ms. Farber announced that the Institute for Safe Medication Practices (ISMP) will conduct a site visit July 19<sup>th</sup> through 21<sup>st</sup> to review Washington's process around medication flow. The ISMP is dedicated to medication error prevention and safe medication use and is modeled after the Joint Commission's National Patient Safety Goals.

Ms. Farber noted the items in the Institutional Agenda for fiscal year 2016/17 under the Strategic Plan have been initiated.

Ms. Farber discussed the affiliation between Washington Hospital and UCSF Benioff Children's Hospital. The focus is to create a comprehensive and integrated regional health care network. This will allow tri-city residents local access to UCSF's specialty services through the Special Care Nursery, Pediatric Hospitalists and an outpatient pediatric specialty clinic. Currently, we are working with UCSF on recruiting a physician for the Prenatal Diagnostic Clinic.

Ms. Farber announced the 8<sup>th</sup> Neurosciences Symposium is scheduled for July 16<sup>th</sup>. Nationally and internationally recognized experts will discuss a wide range of topics focused on neurological diseases, disorders and treatment approaches. Ms. Farber asked the Board to contact her if they are interested in attending.

Ms. Farber handed the Board a copy of, "*The Patient's Playbook*". The book is written by Leslie Michelson, who is the Founder, Chairman and CEO of Private Health Management. Mr. Michelson's book is about his experience as a medical case management expert and discusses steps and tools to achieve the best possible health outcomes at every stage in life. Ms. Farber noted she spoke with Mr. Michelson to discuss the potential of partnering together to work with the community and newly diagnosed patients such as those with diabetes and cancer.

Ms. Nunez provided an update on construction of the parking structure and the Morris Hyman Critical Care Pavilion. The parking structure is estimated to be complete in June 2016 and will accommodate 648 parking stalls. The Morris Hyman Critical Care Pavilion is on schedule to be completed in 2018. Ms. Nunez showed the Board a DVD of the last steel beam for the Morris Hyman Critical Care Pavilion building frame installation. Prior to the beam being installed, many of the Hospital employees, physicians and volunteers signed the beam to commemorate this important stage of construction.

*Washington Township Hospital Development Corporation*

*June 13, 2016*

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In accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, Chairman Sah adjourned the meeting to closed session at 8:32 a.m. *ADJOURN TO CLOSED SESSION*

Chairman Sah adjourned the meeting to open session at 8:50 a.m. He reported that no action was taken in closed session. *ADJOURN TO OPEN SESSION*

Director Blowers moved to accept the purchase of the Washington Radiation Oncology Center new QA Planning software for a total amount of \$39,201.59. The existing software was originally purchased in 2006 and is no longer supported by Sun Nuclear. This purchase was budgeted in the 2015/16 budget. *ACTION ITEMS WROC QA Planning Software & Vascular Lab Equipment*

On a second from Director Buschke, the motion was carried with the following vote:

Ayes: Directors Blowers, Buschke, Garcia and Sah

Noes: None

Abstain: None

Absent: Director Fuerniss

Director Buschke moved to accept the purchases of the equipment for the Vascular Lab for a total amount not to exceed \$127,589.58. The purchase of an ultrasound machine and software for \$138,139.00 was included in the fiscal year 2015/16 budget for Washington Township Medical Foundation. It is requested that \$127,589.58 be approved for expenditure in order to upgrade the Washington Township Medical Foundation Vascular Lab.

On a second from Director Garcia, the motion was carried with the following vote:

Ayes: Directors Blowers, Buschke, Garcia and Sah

Noes: None

Abstain: None

Absent: Director Fuerniss

There being no further business, the meeting adjourned at 8:54 a.m. The next meeting will be scheduled for July. Ms. Terrasas will follow up with the Board with a confirmed date. *ADJOURNMENT*

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Benn Sah, M.D.  
Chair

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Russ Blowers  
Secretary



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# Memorandum

**DATE** July 22, 2016

**CONFIDENTIAL**

**TO:** Board of Directors  
Washington Township Hospital Development Corporation

**FROM:** Nancy Farber  
President and Chief Executive Officer

**SUBJECT:** Washington Township Medical Foundation Budget Estimate FY 2016/17

The Budget Estimate for FY 2016/17 for the Washington Township Medical Foundation (WTMF) is being presented to the Board of Directors of the Development Corporation for its adoption.

For the FY 2016/17, the Washington Township Medical Foundation is budgeted as follows:

Visits are budgeted at 181,645  
Total Operating Revenue is budgeted at \$36,840,533  
Total Expenses are budgeted at \$55,457,748  
Net Loss is budgeted at (\$18,617,215)  
Total Capital Budget of \$90,486

This budget reflects a medical foundation that continues to grow and is committed to meeting the health care needs of the community through the provision of high quality, cost-effective care locally. The Washington Township Medical Foundation contracts with third-party payers for the delivery of health care services and focuses on research and educational activities.

The Washington Township Medical Foundation is helping to better position Washington Hospital Healthcare System and physicians for the rapidly changing health care landscape through opportunities for care coordination and collaboration. WTMF also creates a vehicle that allows us to continue to successfully recruit primary care and specialist physicians to our community and offers community physicians another option for practicing medicine so that the health care needs of the community can be met now and into the future.

Our continued commitment to the Washington Township Medical Foundation provides an important strategic initiative in helping us meet our goal of providing access to care along with improving and maintaining the health status of the residents of our District. I am recommending that the Board of Directors of the Washington Township Hospital Development Corporation approve the FY 2016/17 Budget Estimate.

NANCY FARBER  
President and Chief Executive Officer

# WTMF FY2017

## Consolidated Income Statement

	FY 2017 Budget	FY 2016 Projection	Change	% Change
<b>Visits</b>	<b>181,645</b>	<b>162,092</b>	<b>19,553</b>	<b>12.1%</b>
<b>OPERATING REVENUE</b>				
Gross Patient Revenue	\$56,453,273	\$51,262,071	\$5,191,202	10.1%
Contractual Adjustments	(28,861,061)	(26,446,751)	(2,414,310)	-9.1%
Net Patient Revenue	27,592,212	24,815,320	2,776,892	11.2%
Contractual Adjustments %	51.1%	51.6%	0.5%	
Other Non-Patient Revenue**	9,248,321	8,694,051	554,270	6.4%
Total Operating Revenue	36,840,533	33,509,371	3,331,162	9.9%
<b>OPERATING EXPENSES</b>				
PSA Costs	36,030,234	33,295,861	(2,734,373)	-8.2%
Salaries & Wages	7,670,689	7,299,759	(370,930)	-5.1%
Benefits	2,484,758	1,984,325	(500,433)	-25.2%
Professional & Purchased Services	2,922,821	2,584,235	(338,586)	-13.1%
Supplies	2,050,440	1,712,050	(338,390)	-19.8%
Occupancy Costs	3,008,851	2,690,781	(318,070)	-11.8%
Depreciation	214,649	248,219	33,570	13.5%
Other Expense*	1,075,306	850,073	(225,233)	-26.5%
Total Operating Expense	55,457,748	50,665,303	(4,792,445)	-9.5%
<b>NET PROFIT / (LOSS)</b>	<b>(\$18,617,215)</b>	<b>(\$17,155,932)</b>	<b>(\$1,461,283)</b>	<b>-8.5%</b>

\* Other Expense includes: Insurance, Marketing, Bank Charges, Interpreting, Record Storage, Equip Rent, Scribes, Taxes & Licenses

\*\* Other Non Patient Revenue includes: Incentive Rev, Hospitalist Rev, Meaningful Use Rev, WTMG Management Fees, Lean Phys Champion, & PAMIF Rev





# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

**DATE** July 22, 2016

**CONFIDENTIAL**

**TO:** Board of Directors  
Washington Township Hospital Development Corporation

**FROM:** Nancy Farber  
President and Chief Executive Officer

**SUBJECT:** Washington Township Hospital Development Corporation  
Budget Estimate FY 2016/17

The Budget Estimate for FY 2016/17 for the Washington Township Hospital Development Corporation (DEVCO) is being presented to the Board of Directors of the Development Corporation for its adoption.

This budget takes into account inflation, contracted changes, staffing changes and budgetary changes related to the opening of a new local competitive surgery center.

For the FY 2016/17, the Washington Township Hospital Development Corporation is budgeted as follows:

Visits are budgeted at 46,053  
Total Operating Revenue is budgeted at \$29,761,644  
Total Expenses are budgeted at \$28,865,250  
Net Loss is budgeted at (\$178,205)  
Total Capital Budget of \$417,379

I am recommending that the Board of Directors of the Washington Hospital Development Corporation approve the FY 2016/17 Budget Estimate.

NANCY FARBER  
President and Chief Executive Officer



DEVELOPMENT  
CORPORATION

# Washington Township Hospital Development Corporation

## Income Statement

### Budget Estimate FY 2016/17

	Budget Estimate FY 2016/17	Projected FY 2015/16	\$ Change	% Change
Visits / Treatments	46,053	44,728	1,325	3.0%
Revenue	\$47,731,469	\$44,183,320	\$3,548,149	8.0%
Other Revenue	7,325,114	7,913,488	(588,374)	-7.4%
Revenue Deductions	25,294,939	24,476,828	818,111	3.3%
<b>Total Operating Revenue</b>	<b>\$29,761,644</b>	<b>\$27,619,980</b>	<b>\$2,141,664</b>	<b>7.8%</b>
Expense:				
Salaries	\$6,399,675	\$7,130,305	(\$730,630)	-10.2%
Benefits	2,720,466	2,452,995	267,471	10.9%
Supplies	3,191,282	2,938,550	252,732	8.6%
Contract Mgmt Services	499,351	523,926	(24,575)	-4.7%
Professional Fees	1,528,925	1,460,774	68,151	4.7%
Purchased Services	2,883,608	2,809,501	74,107	2.6%
Purchased Labor	2,654,715	2,457,459	197,256	8.0%
Purchased Benefits	689,455	645,838	43,617	6.8%
Legal & Audit	177,113	185,219	(8,106)	-4.4%
Depreciation	964,715	952,599	12,116	1.3%
Utilities	240,871	229,838	11,033	4.8%
Building Lease	5,305,713	5,275,263	30,450	0.6%
Vehicle Lease	1	1	-	0.0%
Vehicle Expense	3,500	3,108	392	12.6%
Interest Expense	14,882	7,427	7,455	100.4%
Professional Liab Ins	92,355	89,929	2,426	2.7%
Taxes, Fees & Licenses	275,901	284,473	(8,572)	-3.0%
Other Expense	1,222,722	1,167,940	54,782	4.7%
<b>Total Expense</b>	<b>\$28,865,250</b>	<b>\$28,615,145</b>	<b>\$250,105</b>	<b>0.9%</b>
Income from Operations	\$896,394	(\$995,165)	\$1,891,559	190.1%
Minority Interest in WOSC	1,074,599	280,948	793,651	282.5%
<b>Net Income/(Loss)</b>	<b>(\$178,205)</b>	<b>(\$1,276,113)</b>	<b>\$1,097,908</b>	<b>86.0%</b>

\* This budget includes the Washington Radiation Oncology Center.